



**North Carolina Department of Health and Human Services**  
**Division of Mental Health, Developmental Disabilities and Substance Abuse Services**  
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Michael F. Easley, Governor  
Carmen Hooker Odom, Secretary

Michael Moseley, Director

March 26, 2007

## **MEMORANDUM**

**To:** Community Support Providers

**From:** Jim Jarrard, Accountability Team Leader  
DMH/DD/SAS, Resource & Regulatory Management Section

**Subject:** April 2007 Medicaid Audit of Category 2 Community Support Service Providers

The NC Division of MH/DD/SAS will conduct additional targeted Medicaid audits of directly enrolled Community Support providers between April 2 and April 26, 2007. The providers included are those Community Support (CS) providers who fell into the Category 2 range following the CS audits that took place Feb. 12 – March 16, 2007. *Please reference the letter you received recently from Allen Dobson, MD and Michael Moseley regarding the DHHS follow-up plan to the earlier Community Support Services Medicaid audits for information on the categorization of providers.*

**Please keep this letter throughout the audit process  
for reference purposes.**

***Note: All documents needed for this audit  
will be posted on the DMH/DD/SAS website,  
at <http://www.dhhs.state.nc.us/mhdddsas/> as soon as possible.***

## COMMUNITY SUPPORT PROVIDERS INCLUDED IN THIS MEDICAID AUDIT:

- The sample of Community Support providers is the group of providers who were audited in Feb/March 2007 and fell into the Category 2 range as a result.
- The list of records to be audited is enclosed with this letter. The record list has at a minimum, names, birth dates and Medicaid numbers. Please bring all records listed to the audit site.
- **A listing of all Community Service provider agencies to be audited with the site, date, appointment time of the audit and directions to each audit site is enclosed.**

## AUDIT PROCESS:

- All events for the Community Support Services audit will be drawn from paid claims dated August 1, 2006 – February 28, 2007. Service dates for these paid claims dates will be between August 1, 2006 and February 28, 2007 as well. **Therefore, please bring all service documentation for the records to be audited to cover all dates of service between August 1, 2006 and February, 2007.**
- The audit sample will consist of thirty (30) primary and five (5) alternate service events per provider. A total of thirty-five (35) service events will be included in each sample.
- If one of the first 30 service events is found to represent a billing error already identified by your company and repaid to Medicaid (prior to receiving the list of records), it will be omitted from the audit and replaced by the next numbered audit tool from the alternate list.
- We require that on the date of the audit, service records be located at the site designated for our onsite review.
- A lunch break will occur at approximately 12 noon. The audit room will either be locked or State staff will remain to secure records. Providers will also have the same lunch break available to them.
- **Attendance of at least one staff person who is familiar with the service records is required from each Community Support provider being audited.**
- Once the audit is complete and auditors have left the site, **no additional documentation will be accepted.**
- The enclosed Medicaid audit tool will be the document used to determine Medicaid compliance in the areas indicated by each question.
- Service documentation subject to review **must be indicative of what was current and in place for all possible dates of service from August 1, 2006 – February 28, 2007, inclusive.** Documentation required on-site includes:
  - ✓ **service authorizations (a ValueOptions print-out will be available to help with this)**
  - ✓ **requests submitted for authorizations – bring verification that the request was submitted (i.e. fax receipts, notice from VO of receipt, note in record re submitting the request, etc.), especially if you have pending authorization requests with ValueOptions.**
  - ✓ **service orders**
  - ✓ **service plans/PCPs – bring earlier plans in addition to current service plans.**
  - ✓ **admission assessments/intake information**

- ✓ service notes to cover all possible dates of service
- ✓ legal documents related to guardianship and/or the legally responsible person

Please have all items available for review at the audit site.

\* **Please note:** Review of staff qualifications will not be a part of this Medicaid audit.

#### **DIVISION OF MEDICAL ASSISTANCE (DMA) INFORMATION:**

- Once the Medicaid audit is complete, no additional documentation will be accepted for review. DMA reserves the right to request new and additional documentation as deemed necessary after the audit's completion.
- All information on requests for reconsideration and paybacks to Medicaid for items found out of compliance will be included in the mailing from DMA received with the attached DMH/DD/SAS Audit Report.
- This is a targeted audit on a limited sample of issues identified on the Medicaid audit tools. This audit does not represent all the items or issues that may be reviewed by DMA or other entities such as the NC Attorney General's office as allowed by applicable policies, State and Federal Regulations.
- DMA Program Integrity has the authority and responsibility to expand the scope of this audit as necessary to encompass all applicable recoupment or other sanctions.

#### **AUDIT COMPLETION:**

- At the completion of the record review, the audit team will give each provider copies of the Medicaid events reviewed and found out of compliance. This transaction constitutes an unofficial notification of the findings of this audit. *Findings are subject to change following later review by audit team leaders.*
- Final audit results are included in the DMH/DD/SAS Summary of Findings, sent to each provider following entry of all audit data.
- **Requests for reconsideration of Medicaid audit findings are directed to the Division of Medical Assistance (DMA).**
- **Out of compliance findings that represent a systemic issue may require that a Plan of Correction be submitted to DMH/DD/SAS.** Information regarding the DMH/DD/SAS process for submitting plans of correction will be included in the Summary of Findings.

#### **CONTACT INFORMATION:**

- **Please update any of your contact information we have on file from the first audit** if any changes have been made. This includes contact person for the audit, address, phone, fax # or email address. To make changes, please contact Patricia McNear at 919-881-2446 or [patricia.mcneal@ncmail.net](mailto:patricia.mcneal@ncmail.net).
- If you have questions concerning the information in this memorandum, or anything else related to this April 2007 audit event, please contact:

**Sandee Resnick**  
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910-612-5730 / cell

**Jerry Walton**  
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Thank you for your cooperation.

cc: DMH/DD/SAS Executive Leadership Team  
Tara Larsen  
Pat Delbridge

Encl.: CS Medicaid Services Audit Tool  
Audit Schedule April 2007  
CS Provider Schedule  
List of service records for audit